

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Item 13

Agenda ID 13741

ENERGY DIVISION

RESOLUTION E-4712 (Rev. 1)

March 26, 2015

R E D A C T E D
R E S O L U T I O N

Resolution E-4712. Approves Southern California Edison Company's (SCE's) request to enter into a renewables portfolio standard (RPS) power purchase agreement with Geysers Power Company, LLC.

PROPOSED OUTCOME:

- This resolution approves cost recovery for the long-term renewable energy power purchase agreement between SCE and Geysers Power Company, LLC. The power purchase agreement is approved without modification.

SAFETY CONSIDERATIONS:

- The power purchase agreement requires the seller of the generation to comply with all applicable safety requirements relating to the project including environmental laws.

ESTIMATED COST:

- Actual costs of the power purchase agreement are confidential at this time.

By Advice Letter 3122-E filed on October 27, 2014.

SUMMARY

Southern California Edison Company's (SCE) renewable energy power purchase agreement (PPA) with Geysers Power Company, LLC (Geysers) complies with the Renewables Portfolio Standard (RPS) procurement guidelines and is approved without modification.

SCE filed Advice Letter (AL) 3122-E on October 27, 2014, requesting California Public Utilities Commission (Commission or CPUC) review and approval of a

10-year renewable energy PPA with Geysers. The PPA was executed through SCE's 2013 RPS solicitation (2013 RPS RFO). Pursuant to the PPA, RPS-eligible generation will be purchased from the Geysers facility. The Geysers facility is located in Sonoma and Lake Counties and has a capacity of 225 megawatts (MW).

This Resolution approves the Geysers PPA. SCE's execution of this PPA is consistent with SCE's 2013 RPS Procurement Plan (RPS Plan), which the Commission approved in Decision (D.) 13-11-024. In addition, RPS deliveries pursuant to the Geysers PPA are reasonably priced and the related costs to SCE are fully recoverable in rates over the life of the Geysers PPA, subject to Commission review of SCE's administration of the PPA.

The following table provides a summary of the Geysers PPA:

Table 1: Summary of Geysers PPA:

Seller	Generation Type	Size (MW)	Estimated Average Energy (GWh/Yr)	Commercial Operation Date	Term of Agreement (Years)	Location
Geysers Power Company, LLC	Geothermal	225	1,972	June 1, 2017	10	Sonoma and Lake Counties, CA

BACKGROUND

Overview of the Renewables Portfolio Standard (RPS) Program

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, and SB 2 (1X).¹ The RPS program is codified in Public Utilities Code Sections 399.11-399.31.² Under

¹ SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session).

² All further references to sections refer to Public Utilities Code unless otherwise specified.

SB 2 (1X), the RPS program administered by the Commission requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources is an amount that equals an average of 20 percent of the total electricity sold to retail customers in California for compliance period 2011-2013; 25 percent of retail sales by December 31, 2016; and 33 percent of retail sales by December 31, 2020.³

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

NOTICE

Notice of AL 3122-E was made by publication in the Commission's Daily Calendar. SCE states that a copy of the Advice Letter was mailed and distributed to the R.11-05-005 service list in accordance with Section 4 of General Order 96-B.

PROTESTS

Advice Letter AL 3122-E was protested.

SCE's Advice Letter AL 3122-E was timely protested by the Imperial Irrigation District (IID), and the Office of Ratepayer Advocates (ORA). Specifically, IID recommends that the AL 3122-E be rejected without prejudice so that the Geysers PPA may be considered in a formal proceeding. ORA argues that the Geysers PPA should be rejected on the basis that the project has a particularly poor renewable premium that provides ratepayers with fewer benefits than other projects shortlisted in the 2013 RPS solicitation.

SCE responded to the both protests on November 24, 2014. SCE recommends rejection of both protests asserting that the PPA is reasonable from a selection,

³ D.11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods covered in SB 2 (1X) (2011-2013, 2014-2016, and 2017-2020).

cost, and risk perspective, and that a formal proceeding is not required to consider the Geysers PPA.

DISCUSSION

SCE requests approval of a renewable energy power purchase agreement with Geysers

On October 27, 2014 SCE filed AL 3122-E requesting Commission approval of a long-term RPS PPA with Geysers. The 225 MW existing geothermal project is located in Sonoma and Lake Counties. Pursuant to the Geysers PPA, SCE is to begin purchasing generation from Geysers beginning June 1, 2017. The expected annual generation to be purchased from the project is 1,972 GigaWatt-hours (GWh). This generation could count towards SCE's RPS requirements in Compliance Period 2017-2020.

SCE requests that the Commission issue a resolution that:

1. Approves the Geysers PPA in its entirety;
2. Finds that the Geysers PPA is consistent with SCE's 2013 RPS Procurement Plan;
3. Finds that the Geysers PPA is compliant with the Emissions Performance Standard;
4. Finds that any procurement pursuant to the Geysers Valley Contract is procurement from an eligible renewable energy resource for purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (399.11 et seq.), Decision 03-06-071, or other applicable law; and
5. Finds that the Geysers PPA, and SCE's entry into it, is reasonable and prudent for all purposes, including, but not limited to, recovery in rates of payments made pursuant to the Geysers PPA, subject only to further review with respect to the reasonableness of SCE's administration of the Geysers PPA.

Energy Division Evaluated the Geysers PPA based on the following criteria:

- Consistency with SCE's 2013 RPS Procurement Plan and RPS Procurement Portfolio Need;
- Consistency with SCE's Least-Cost, Best-Fit requirements;
- Net Market Value and Cost Reasonableness;
- Consistency with RPS Standard Terms and Conditions;
- Consistency with Portfolio Content Categories Requirements;
- Consistency with the Long-Term Contracting Requirement;
- Independent Evaluator review;
- Procurement Review Group Requirements;
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard; and
- PPA Viability Assessment and Project Development Status.

Consistency with SCE's 2013 RPS Procurement Plan

In SCE's 2013 RPS Procurement Plan (2013 RPS Plan) SCE provided an assessment of supply and demand to determine the optimal mix of renewable generation resources; description of potential RPS compliance delays; status update of projects within its RPS portfolio; and an assessment of project failure and delay risk within its RPS portfolio.⁴ Specifically, SCE explained that its assessment for determining need is based on bundled retail sales, the performance and variability of existing generation, the likelihood of new generation achieving commercial operation, expected commercial on-line dates, technology mix, expected curtailment, and the impact of pre-approved procurement programs, among other factors. Based on that assessment, SCE stated that it had an RPS procurement need beginning in the third compliance period (2017-2020).

Additionally, SCE expressed that it planned to procure RPS-eligible resources in order to satisfy its RPS requirements. Specifically, it called for the issuance of a

⁴ Section 399.13(a)(5)

competitive solicitation for the purchase of RPS-eligible energy with deliveries beginning on or after January 1, 2016. In addition, SCE sought offers that would qualify as Portfolio Content Category 1 and be for at least 10 years in length.

Based on SCE's RPS portfolio needs described in its 2013 RPS Plan, the Geysers PPA is consistent with SCE's 2013 RPS Plan. The Geysers PPA is for generation from a proposed renewable energy with deliveries that begin on June 1, 2017, and continuing through the third compliance period. See Confidential Appendix A for details on SCE's forecasted RPS procurement needs.

The Geysers PPA is consistent with SCE's 2013 RPS Procurement Plan, approved by D.13-11-024.

Consistency with SCE's least-cost best-fit (LCBF) methodology

In D.04-07-029 and D.12-11-016, the Commission directs the utilities to use certain criteria in their LCBF selection of renewable resources.⁵ The decisions offers guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the bids with which it will commence negotiations. As described in its RPS Procurement Plan, SCE's LCBF bid evaluation includes a quantitative analysis and qualitative criteria. SCE's quantitative analysis or market valuation includes evaluation of price, transmission costs, congestion costs, debt equivalence costs, as well as, energy, resource adequacy, and congestion benefits. SCE's qualitative analysis focused on factors, such as location, project development progress, resource diversity, counterparty concentration etc. to eliminate or add projects to its shortlist. SCE's 2013 RPS solicitation protocols, including its LCBF methodology, as described above, was approved by the Commission in D.13-11-024.

On April 21, 2014, SCE filed AL 3029-E requesting approval of its "2013 RPS Short List Report." The 2014 Shortlist Report included a report on SCE's evaluation and selection process of its 2013 RPS shortlist as well as an independent evaluator report regarding SCE's evaluation and selection of offers.⁶ In AL 3122-E, the advice letter considered herein, SCE further explains that the

⁵ See § 399.14(a)(2)(B).

⁶ AL 3029-E is effective as of July 8, 2014.

Geysers PPA is the result of SCE's 2013 RPS solicitation and that it evaluated and shortlisted the Geysers offer consistent with its 2013 LCBF evaluation methodology.

See the "Net Market Value and Cost Reasonableness" section of this resolution for a discussion of how the Geysers PPA compares to other offers from SCE's 2013 RPS solicitation and comparable RPS contracts executed by SCE in the 12 months prior to executing the Geysers PPA. In addition, see Confidential Appendix A for SCE's LCBF evaluation of the Geysers PPA.

The Geysers PPA was evaluated consistent with the LCBF methodology described in SCE's 2013 RPS Procurement Plan.

Net Market Value and Cost Reasonableness

The Commission's reasonableness review for RPS PPAs includes a comparison of the proposed PPA's net market value (the result of the LCBF calculation) and price relative to other RPS offers received in recent RPS solicitations and to comparable contracts executed by the utility in the 12 months prior to the proposed PPA's execution date. Using this methodology and the confidential analysis provided by SCE in AL 3122-E, the Commission determines that the net market value of the Geysers PPA is comparable to other RPS offers received by SCE and that the costs of the Geysers PPA are reasonable. See Confidential Appendix A for a detailed discussion of the analysis.

The Geysers PPA compares reasonably from a net market value and cost basis relative to RPS offers received in SCE's 2013 RPS solicitation and comparable contracts executed by SCE in the 12 months prior to executing the Geysers PPA.

Payments made by SCE under the Geysers PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of SCE's administration of the PPA.

Consistency with RPS Standard Terms and Conditions (STCs)

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, five of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. More recently, the Commission further refined some of the STCs in D.10-03-021, as modified by D.11-01-025, and D.13-11-024.

The Geysers PPA includes the Commission adopted RPS “non-modifiable” standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, as modified by D.11-01-025, and D.13-11-024.

Consistency with Portfolio Content Categories

In D.11-12-052, the Commission defined and implemented portfolio content categories for the RPS program and authorized the Director of Energy Division to require the investor-owned utilities to provide information regarding the proposed contract’s portfolio content category classification in each advice letter seeking Commission-approval of an RPS contract. The purpose of the information is to allow the Commission to evaluate the claimed portfolio content category of the proposed RPS PPA and the risks and value to ratepayers if the proposed PPA ultimately results in renewable energy credits in another, less preferred, portfolio content category.

In AL 3122-E, SCE claims that the procurement pursuant to the PPA will be classified as Portfolio Content Category 1. To support its claim, SCE asserts that the Geysers facility is located in California, an RPS-eligible resource that expects to have its first point of interconnection within the CAISO and that pursuant to the Geysers PPA the RECs associated with the electricity from Geysers will be delivered to SCE and not unbundled or transferred to another owner.

Consistent with D.11-12-052, SCE provided information in AL 3122-E regarding the expected portfolio content category classification of the renewable energy credits procured pursuant to the Geysers PPA.

In this resolution, the Commission makes no determination regarding the Geysers PPA’s portfolio content category classification. The RPS contract evaluation process is separate from the RPS compliance and portfolio content category classification process, which require consideration of several factors based on various showings in a compliance filing. Thus, making a portfolio content category classification determination in this resolution regarding the procurement considered herein is not appropriate. SCE should incorporate the procurement resulting from the approved Geysers PPA and all applicable supporting documentation to demonstrate portfolio content category classification in the appropriate compliance showing(s) consistent with all applicable RPS program rules.

Consistency with Long-Term Contracting Requirement

In D.12-06-038, the Commission established a long-term contracting requirement that must be met in order for retail sellers to count RPS procurement from contracts less than 10 years in duration for compliance with the RPS program.⁷ In order for the procurement from any short-term contract(s) signed after June 1, 2010, to count for RPS compliance, the retail seller must execute long-term contract(s) in the same compliance period in which the short-term contract(s) is signed. The volume of expected generation in the long-term contract(s) must be sufficient to cover the volume of generation from the short-term contract(s).⁸

The Geysers PPA is for a 10 year term and was executed during Compliance Period 2014-2016.

Because the Geysers PPA is 10 years in length, the long-term contracting requirement does not apply to SCE's procurement pursuant to the Geysers PPA, and the Geysers PPA will contribute to SCE's long-term contracting requirement established in D.12-06-038 for Compliance Period 2014-2016.

Independent Evaluator Review

SCE retained Merrimack Energy Group, Inc. as the independent evaluator ("IE") to oversee its 2013 RPS solicitation. In addition, Merrimack oversaw the negotiations with Geysers and evaluated the overall merits of the Geysers PPA. AL 3122-E included a public and confidential version of the IE's report.

In the IE's opinion, the Geysers PPA was reasonably negotiated with contract terms that taken as a whole appropriately protect the interests of SCE's ratepayers. Overall, the IE agrees with SCE that the Geysers PPA merits Commission approval.

⁷ For the purposes of the long-term contracting requirement, contracts of less than 10 years duration are considered "short-term" contracts. (D.12-06-038).

⁸ Pursuant to D.12-06-038, the methodology setting the long-term contracting requirement is: 0.25% of Total Retail Sales in 2010 for the first compliance period; 0.25% of Total Retail Sales in 2011-2013 for the second compliance period; and 0.25% of Total Retail Sales in 2014-2016 for the third compliance period.

Consistent with D.06-05-039, an independent evaluator oversaw SCE's negotiations with Geysers.

Procurement Review Group (PRG)

The PRG was initially established in D.02-08-071 to review and assess the details of the IOU's overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission as a mechanism for procurement review by non-market participants.

Participants in SCE's PRG include representatives from the Office of Ratepayer Advocates, Department of Water Resources, Union of Concerned Scientists, The Utility Reform Network, and the California Utility Employees. In AL 3122-E, SCE asserts that the proposed execution of the Geysers PPA was presented to its PRG at the July 16, 2014 meeting.

SCE's PRG participants included representatives from Energy Division (ED), the Office of Ratepayer Advocates (ORA), Department of Water Resources, Union of Concerned Scientists, The Utility Reform Network (TURN), and the California Utility Employees (CUE). Representatives from ED, ORA, TURN, CUE, and IE attended the July 16, 2014, PRG meeting.

Consistent with D.02-08-071, SCE's Procurement Review Group participated in the review of the Geysers PPA.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard (EPS)

Pub. Util. Code §§8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater) baseload power contracts procured on behalf of California ratepayers.⁹

D.07-01-039 adopted an interim EPS that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas emissions of a

⁹ "Baseload generation" is electricity generation at a power plant "designed and intended to provide electricity at an annualized plant capacity factor of at least 60%." Pub. Util. Code §8340 (a).

combined-cycle gas turbine power plant. Generating facilities using certain renewable resources are deemed compliant with the EPS.¹⁰

Pursuant to D.07-01-039, geothermal generating facilities are deemed EPS-compliant.¹¹ The Geysers Project is a geothermal facility and therefore meets this requirement.

PPA Viability and Project Development Status

The generation to be delivered pursuant to the Geysers PPA is from an online and operating facility that has been certified by the CEC as RPS-eligible, and is managed by an experienced generator (Calpine). It is reasonable to expect that Geysers will meet the terms and conditions of its PPA.

Safety Considerations

California Public Utilities Code Section 451 requires that every public utility maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment and facilities to ensure the safety, health, and comfort of the public. The PPA between SCE and Geysers requires the seller of the generation to comply with all applicable requirements of law relating to the projects including those related to planning, construction, ownership, decommissioning and/or operation of the projects. Concerns specific to geothermal resources include water resources (steam field management) and seismicity. Based on the information provided to the Commission in AL 3122-E and via a supplemental data request specific to the historic safety record of the Geysers' facility,¹² this

¹⁰ D.07-01-039, Attachment 7, p. 4.

¹¹ D.07-01-039 at p.226, Conclusion of Law 35: Based on the record in this proceeding, it is reasonable to make an upfront determination that the following renewable resources and technologies are EPS-compliant: (a) Solar Thermal Electric(with up to 25% gas heat input), (b) Wind, (c) Geothermal, with or without reinjection, (d) Generating facilities (e.g., agricultural and wood waste, landfill gas) using biomass that would otherwise be disposed of utilizing open burning, forest accumulation, landfill (uncontrolled, gas collection with flare, gas collection with engine), spreading or composting.

¹² Please see Confidential Appendix A for additional information.

contract does not appear to result in any adverse safety impacts on the operations of SCE.

Protests to SCE AL 3122-E are denied

IID recommends that SCE AL 3122-E be rejected without prejudice

IID recommends in its protest that SCE AL 3122-E, along with SCE ALs 3119-E, 3120-E, 3121-E, 3124-E, 3125-E, and 3126-E, should be denied without prejudice because a formal proceeding is necessary to review SCE's requests. IID asserts that bids for IID-interconnected projects offered to SCE in its 2013 RPS solicitation were unreasonably evaluated because IID-related transmission network upgrade costs were considered and resulted in the double-counting of costs causing a precedent against IID-interconnected projects. IID argues that the inclusion of the IID transmission network upgrade costs is not consistent with previous Commission decisions related to LCBF and the Sunrise transmission powerlink.¹³ Additionally, IID asserts that the cumulative MW approval that SCE is seeking through the above mentioned seven advice letters is unprecedented and merits examination in a formal proceeding.

In reply comments, SCE asserts that IID's protest is without merit and that SCE's 2013 RPS solicitation was fair and reasonable. SCE argues that IID's protest is incorrect and that SCE's inclusion of transmission costs for IID-interconnected projects as a qualitative factor is not double counting of costs because transmission network upgrade costs are reimbursable for generators interconnected to IID and CAISO. Further, SCE argues that its consideration of transmission costs for IID-interconnected projects ensures equal treatment of IID and CAISO-interconnected projects. Lastly, SCE asserts that its request for approval of eight RPS PPAs in seven ALs is not unprecedented because the IOUs have been allowed to seek approval of RPS contracts through Tier 3 advice letters since the beginning of the RPS program.

Consideration and review of SCE AL 3122-E via the Commission's advice letter process is reasonable and a formal proceeding is not necessary for several reasons. First, the Commission agrees with SCE that its inclusion of transmission upgrade costs in its LCBF evaluation of IID-interconnected projects does not

¹³ Specifically, IID references D.03-06-071, D.04-07-029, and D.12-11-016.

result in the double-counting of transmission costs. For both CAISO and IID-interconnected projects the generator initially funds the transmission network upgrade costs, which are later reimbursed to the generator.¹⁴ While the reimbursement mechanism is different for the CAISO and IID-interconnected projects, in both instances it is ratepayers that ultimately fund the transmission costs. Thus, as with CAISO-interconnected projects, it is reasonable to treat transmission costs as separate project costs, similar to price, congestion, and transmission costs, for IID-interconnected projects when evaluating offers using LCBF methodologies.

Second, as stated above, both SCE's 2013 RPS solicitation protocols, including its LCBF evaluation methodology and its shortlist were approved.¹⁵ Also, in this Resolution the Geysers PPA is found to be consistent with SCE's 2013 RPS Procurement Plan. Thus, there is no reason for evidentiary hearings or the filing of an application to further review the consistency of SCE's LCBF evaluation methodology or reasonableness of its 2013 RPS shortlist.

Third, SCE's request for review and approval of an RPS contract via an advice letter is consistent with the RPS procurement approval process adopted in D.02-08-071 and D.03-06-071. Accordingly, SCE's request for approval of the Geysers AL through an advice letter is not unprecedented nor requires a formal hearing.

Therefore, for the reasons described above, IID's protest recommending the Geysers AL be rejected without prejudice is denied.

¹⁴ For CAISO-interconnected projects, transmission network upgrade costs are reimbursed to the generator over a five year period beginning on the commercial operation date (CAISO Fifth Replacement Electronic Tariff, Appendix Y). For IID-interconnected projects, transmission network upgrade costs are reimbursed to the generator via transmission rate credits (Imperial Irrigation District Open Access Transmission Tariff, Attachment J).

¹⁵ SCE's protocols were approved as part of SCE's 2013 RPS Plan in D.13-11-024. SCE's 2013 RPS shortlist was submitted in AL 3029-E and is effective as of July 8, 2014.

ORA recommend rejection of AL 3122-E

ORA recommends rejection of AL 3122-E on the basis that the Geysers offer had the lowest economic ranking of the 19 shortlisted proposals, and that SCE does not need the PPA to meet its 2013 RPS solicitation target. ORA asserts that due to the large number of other contracts also executed from SCE's 2013 RPS solicitation, SCE can meet its RPS compliance needs without the Geysers PPA.

In reply comments, SCE recommends rejecting ORA's protest. SCE asserts that the Geysers PPA provides a number of significant benefits that demonstrate that the project is a "best fit" for SCE's renewables portfolio and SCE's customers. ORA's protest ignores these substantial benefits. Additionally, SCE states that the Geysers PPA is competitively priced compared to other geothermal and baseload resources. Finally, SCE states that Geysers PPA meets SCE's stated need in the third compliance period. Pursuant to SCE's net short calculation (See Appendix A), SCE still has a renewable procurement need in the third compliance period, even after including generation from the Geysers PPA and the other PPAs executed from the 2013 RPS solicitation.

While the Commission agrees with ORA that SCE does not need the need MWs from the Geysers PPA to achieve their stated capacity procurement goal for the 2013 RPS solicitation, the Commission also agrees with SCE that generation from the Geysers PPA will meet SCE's stated need in the third compliance period. Additionally, Energy Division staff agree with SCE's assertion that the PPA is reasonably priced when compared to other long-term geothermal bids submitted during the 2013 RFO, and demonstrates benefits as a "best fit" in context of SCE's existing renewable portfolio. Therefore, ORA's protests are denied.

RPS Eligibility and CPUC Approval

Pursuant to Public Utilities Code Section 399.13, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable "eligibility" language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an "Eligible Renewable Energy Resource," that the project's output delivered to the buyer qualifies under the requirements of the California RPS, and that the seller uses commercially

reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.¹⁶

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires “CPUC Approval” of a PPA to include an explicit finding that “any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), D.11-12-020 and D.11-12-052, or other applicable law.”¹⁷

Notwithstanding this language, given that the Commission has no jurisdiction to determine whether a project is an “Eligible Renewable Energy Resource” for RPS purposes, this finding and the effectiveness of the non-modifiable “eligibility” language is contingent on CEC’s certification of the Geysers project as an “Eligible Renewable Energy Resources.” The contract language that the Geyser project is “procurement from an eligible renewable energy resource” must be a true statement at the time of the first delivery of energy, not at the signing of the PPA or at the issuance of this Resolution.

While we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation absent CEC certification. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the utilities’ administration of such contracts.

Confidential Information

The Commission, in implementing Public Utilities Code Section 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material

¹⁶ See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

¹⁷ See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, including price, is confidential for three years from the date the contract states that energy deliveries begin, or until one year following contract expiration, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked “[REDACTED]” in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived or reduced. Accordingly, this draft resolution was mailed to parties for comments, and no additional comments were received.

FINDINGS

1. The Geysers Power Company, LLC power purchase agreement is consistent with SCE’s 2013 Renewables Portfolio Standard Procurement Plan, as approved by D.13-11-024.
2. The Geysers Power Company, LLC power purchase agreement was evaluated consistent with the LCBF methodology described in SCE’s 2013 RPS Procurement Plan
3. The Geysers Power Company, LLC power purchase agreement compares reasonably from a net market value and cost basis relative to RPS offers received in SCE’s 2014 RPS solicitation.
4. Payments made by SCE pursuant to the Geysers Power Company, LLC power purchase agreement are fully recoverable in rates over the life of the power purchase agreement, subject to Commission review of SCE’s

administration of the power purchase agreement and any other applicable Commission review.

5. The Geysers Power Company, LLC power purchase agreement includes the Commission adopted Renewables Portfolio Standard “non-modifiable” standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, as modified by D.11-01-025, and D.13-11-024.
6. Consistent with D.11-12-052, SCE provided information in Advice Letter 3122-E regarding the expected portfolio content category classification of the renewable energy credits to be procured pursuant to the Geysers Power Company, LLC power purchase agreement.
7. Because the Geysers Power Company, LLC power purchase agreement is greater than 10 years in length, the long-term contracting requirement does not apply to SCE’s procurement pursuant to the Geysers Power Company, LLC power purchase agreement, and the Geysers Power Company, LLC power purchase agreement will contribute to SCE’s long-term contracting requirement established in D.12-06-038 for Compliance Period 2014-2016.
8. Consistent with D.06-05-039, an independent evaluator oversaw SCE’s Renewables Portfolio Standard procurement process.
9. Consistent with D.02-08-071, SCE’s Procurement Review Group participated in the review of the Geysers Power Company, LLC power purchase agreement.
10. Pursuant to D.07-01-039, geothermal generating facilities are deemed Emissions Performance Standard compliant. The Geysers Project is a geothermal facility and therefore meets this requirement.
11. It is reasonable to expect that Geysers will be able to meet the terms and conditions in the Geysers Power Company, LLC power purchase agreement.

12. Imperial Irrigation District's protest recommending SCE AL 3122-E be rejected without prejudice is denied.
13. The Office of Ratepayer Advocates' protest recommending rejection of SCE AL 3122-E is denied.
14. Procurement pursuant to the Geysers Power Company, LLC power purchase agreement is procurement from an eligible renewable energy resource for purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), D.03-06-071 and D.06-10-050, or other applicable law.
15. The immediately preceding finding shall not be read to allow generation from a non-Renewables Portfolio Standard eligible renewable energy resource under this power purchase agreement to count towards an RPS compliance obligation. Nor shall that finding absolve SCE of its obligation to enforce compliance with this power purchase agreement.
16. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
17. Advice Letter 3122-E should be approved effective today.

THEREFORE IT IS ORDERED THAT:

1. The request of the Southern California Edison Company for review and approval of a power purchase agreement with Geysers Power Company, LLC as requested in Advice Letter AL 3122-E is approved without modification.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on March 26, 2015; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director

Confidential Appendix A

Evaluation Summary of the Geysers PPA

[REDACTED]

Confidential Appendix B

Excerpt from the Independent Evaluator Report on the
Geysers PPA¹⁸

[REDACTED]

¹⁸ Excerpt from: Report of the Independent Evaluator Final Selection Process and Review of the Power Purchase Agreement with Geysers Power Company, LLC, Merrimack Energy Group, Inc. and New Energy Opportunities, October 2014, as submitted with SCE Advice Letter 3122-E.